



Mitt Romney, Governor
Kerry Healey, Lieutenant Governor
Jane Wallis Gumble, Director

Massachusetts
Department of Housing &
Community Development
1 Congress Street
Boston, MA 02114

(617)727-7765
<http://www.mass.gov/dhcd>

Local Initiative Program

Fact Sheet

The Local Initiative Program (LIP) is designed to stimulate the production of affordable home ownership opportunities by fostering cooperation between municipalities and housing developers. The program provides technical assistance and other non-financial assistance to housing that is developed to serve households at or below 80% of the area median income and encourages the development of mixed-income projects.

Two types of housing are supported by the program: Local Initiative Units, which are developed through a city or town’s conventional zoning process and Comprehensive Permit Projects, which are developed through the comprehensive permit process according to M.G.L. Chapter 40B. All low- and moderate-income units developed through LIP are counted toward a community’s affordable housing stock (the state subsidized housing inventory) for purposed of Chapter 40B.

The Division of Private Housing provides affordable homeownership and rental opportunities in the private sector. Among the programs that are administered by the division are those that fund and encourage the development of mixed-income projects sponsored by community housing partnerships and developers, that make housing overstock and foreclosure properties available to first time homebuyers, and that provide advantageous home financing terms for low- and moderate-income families.

About the program

LIP was established by the Legislature in 1990 in response to a report by a special legislative commission which found that state law defined low- and moderate-income housing as “any housing subsidized by the federal or state government under any program to assist the construction of low- or moderate-income housing.”

This definition had previously been interpreted to mean *financial* subsidies only. As a result, cities and towns had little incentive to undertake housing initiatives which did not require direct state or federal assistance but which are otherwise within the intent of M.G.L. Ch. 40B. LIP allows the Department

(continued)

	<p>of Housing and Community Development to provide technical assistance that qualifies as a “subsidy.” LIP also gives a developer the legal right to apply for a Comprehensive Permit.</p> <p>Unlike conventional housing subsidy programs, in which a state or federal agency must approve every aspect of financing, design and construction, LIP allows most of these decisions to be made by local public officials. Only the most basic aspects of the program — the incomes of persons served, minimum quality of housing units provided, fair marketing and level of profit — are subject to review by DHCD.</p>
How it works	<p>Developers seeking to build single family homes or condominiums where a certain percentage of the units are affordable work with town officials to obtain zoning approval. DHCD provides technical support to both the town and the developer. If a development can’t be built under existing zoning, the developer may seek a comprehensive permit, allowing him or her to build at a higher density than allowed under existing zoning. So-called “local initiative units” must serve households below 80% of the area median income; the units must be subject to use restrictions to ensure that units remain available exclusively to persons with qualifying incomes; and units must be sold or rented on a fair and open basis. In comprehensive permit projects through LIP at least 25% of the units must be affordable to households at or below 80% of area median income. In addition the units must carry long-term deed restrictions and must be marketed in accordance with fair housing laws. For rental and cooperative housing projects, the regulatory agreement will limit distribution of return to all partners and legal or beneficial owners to no more than 10 percent of equity per year during the lock-in period. For homeownership projects, profit and developer’s fee to all partners and owners will be limited to no more than 20 percent of total development costs.</p>
Who is eligible	<p>For-profit developers, nonprofit developers and local government entities.</p>
Application process	<p>Applications must be submitted to DHCD on an approved form, and must include 1) documentation of the developer’s interest in the site 2) a site plan 3) sample floor plans 4) tabulation of units by size, type and cost 5) a financial proforma 6) description of site conditions and 7) an appraisal of the site. After the application is filed, a site visit will take place and the project will be evaluated by DHCD. Comprehensive permit projects approved by DHCD will have legal standing to apply to a zoning board of appeals for a comprehensive permit.</p>
For more information	<p>Please call the Division of Private Housing at (617) 727-7824.</p>